



Environmental Services Division
Energy and Waste Management Bureau

For Immediate Release

August 18, 2004

DNR Contact: Patti Cale-Finnegan (515) 242-6043

CRUDE OIL REACHES NEW PEAK PRICE; FUEL PRICES MAY FOLLOW

DES MOINES — While prices at the gas pump dropped between mid-July and mid-August, consumers should expect a high possibility of prices going back up through the Labor Day weekend. Crude oil reached a new record of \$46.95 a barrel on August 17. The high cost of crude, boosted by high worldwide demand, production capacity stretched to the limit, and on-going market fears, will continue to impact gasoline prices.

“The market is so tight and so jittery right now,” said Patti Cale-Finnegan, Iowa DNR energy analyst, “that even the president of the oil cartel OPEC admits the so-called ‘fear factor’ has added \$16 to the price of a barrel of crude. That equates to about 30 cents per gallon at the pump.”

According to the DNR’s August 15 fuel price survey, gasoline prices were \$0.05 lower than one month ago, averaging \$1.79 for a gallon of self-serve, regular unleaded gasoline. Prices across the state ranged from \$1.68 to \$1.90 per gallon and averaged \$0.45 higher than this time last year.

The average price for regular unleaded gasoline blended with ethanol was \$1.78 per gallon. Ethanol-blended gasoline currently represents 67.1 percent of the market share with more than 92 million taxable gallons sold in Iowa in July.

The average price of self-serve diesel fuel on August 15 was \$1.81, up \$0.07 from last month. Diesel fuel was \$1.51 per gallon one year ago.

“The fluctuations in crude oil prices this summer, and how that shows up every day at the gas pump, have made it clear how dependent we are on fuels imported into our state,” said Cale-Finnegan. “The only defense we have is to use fuel more efficiently and to use our homegrown alternatives like ethanol and biodiesel.”

To help consumers improve fuel efficiency, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its website at www.iowadnr.com. Tips include driving more efficiently, keeping vehicles tuned up and planning and combining trips. Consumers can also choose ethanol at the pump, purchase E85 for flexible fuel vehicles and choose biodiesel blends for diesel vehicles.

Price trends for heating fuels were mixed for the period between mid-July and mid-August, with heating oil and propane going up, and natural gas going down. According to the DNR’s August 15 fuel price survey, the average retail price of No. 2 heating oil was \$1.47 per gallon, \$0.11 higher than last month and 27.8 percent above the price of heating oil at this time last year (\$1.15 per gallon). Midwest heating oil inventories are 3.7 percent lower than this time last year.

The survey reported the average retail price of propane was \$1.16 per gallon, \$0.15 higher than the previous month but 22.1 percent above the retail price of propane at this time last year (\$0.95 per gallon). Midwest propane inventories are 16.3 percent higher than last year at this time.

On August 16, natural gas was trading at \$5.30/MMBtu, \$0.55 lower than last month. Natural gas prices moderated slightly during this late summer period due to cooler temperatures, which meant less use of natural gas-fired electric generation. However, prices are expected to remain high through the rest of 2004 due to strong overall demand and high petroleum prices.

“It isn’t too early to start planning for the heating season,” said Cale-Finnegan. “Start checking prices for heating fuel contracts, get your heating system tuned up, turn down your water heater and install a wrap, and make sure your home is weatherized to recommended standards.”

MOTOR FUELS SURVEY

Self-Serve	July 15	August 15	Change
Regular Unleaded	1.84	1.79	-0.05
Regular Unleaded with Ethanol	1.82	1.78	-0.04
Premium Unleaded	1.94	1.90	-0.04
Diesel	1.74	1.81	+0.7
Full-Serve	July 15	August 15	Change
Regular Unleaded	1.95	1.95	No Change
Regular Unleaded with Ethanol	1.94	1.95	+0.01
Premium Unleaded	2.07	2.05	-0.02
Diesel	1.81	1.91	+0.10

HEATING FUELS SURVEY

	July 16	August 16	Change
Propane	1.01	1.16	+0.15
#2 Heating Oil	1.36	1.47	+0.11
Natural Gas	5.85	5.30	-0.55

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	July 15	August 15	Change
Ames	1.88	1.78	-0.10
Cedar Rapids	1.77	1.73	-0.04
Council Bluffs	No report	1.78	
Davenport	1.83	1.77	-0.06
Des Moines	1.84	1.77	-0.07
Dubuque	1.89	1.80	-0.09
Fort Dodge	1.84	1.86	+0.02
Iowa City	1.87	1.83	-0.04
Sioux City	1.82	1.77	-0.05
Waterloo	1.87	1.72	-0.15
Webster City	1.84	1.89	+0.05
Average Metro Price	1.83	1.79	-0.04

AVERAGE SELF-SERVE UNLEADED PRICES IN RURAL IOWA

	July 15	August 15	Change
Northeast	1.85	1.77	-0.08
Northwest	1.85	1.83	-0.02
Southeast	1.86	1.75	-0.11
Southwest	1.83	1.82	-0.01
Rural Area Average	1.83	1.79	-0.04